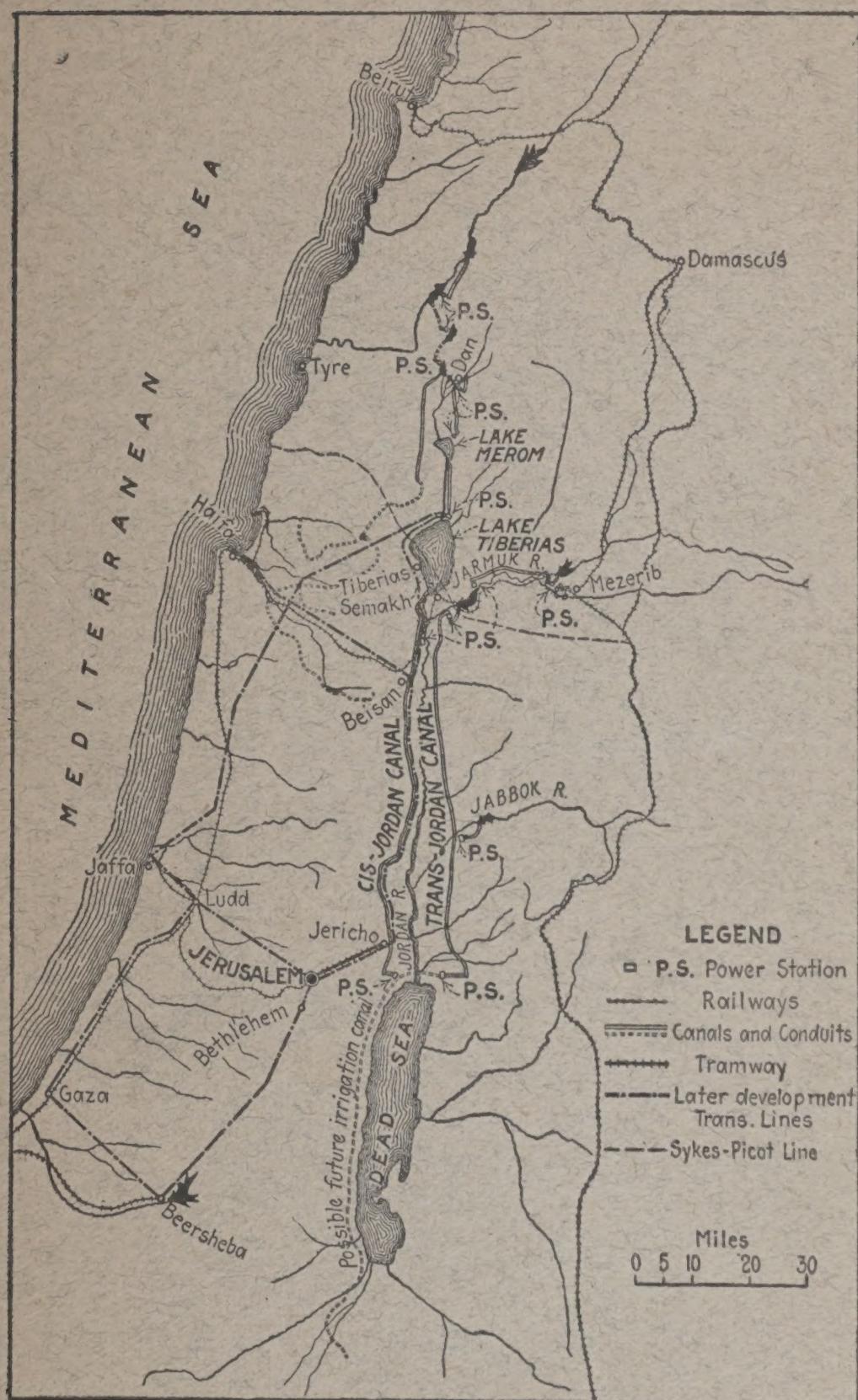


Hydro-Electric Development of Palestine

The Rutenberg Project

DETAILED PROSPECTUS



MAP SHOWS PROPOSED POWER AND CANAL SYSTEM

Issued by

PALESTINE DEVELOPMENT COUNCIL
NEW YORK, JULY, 1922

THE RUTENBERG PROJECT FOR THE DEVELOPMENT OF HYDRO-ELECTRIC POWER IN PALESTINE

P.W.C. 13. 13.

1. INTRODUCTION:

On September 12, 1921, the British Government, the mandatory of Palestine, granted to Mr. Pinhas Rutenberg a concession for the utilization of the waters of the River Auja, for generating and supplying electrical energy and for irrigation.

On September 21, 1921, the British Government signed a further agreement with Mr. Rutenberg to grant to a company to be formed by him a concession for the utilization of the waters of the Rivers Jordan and Yarmuk and their affluents, for generating and supplying electrical energy throughout Palestine, including Trans-Jordania, excepting only the Jaffa district, included in the previous concession. This agreement makes provision for the possible consolidation of the two concessions, and as this is contemplated, reference here is made to the principal concession as covering the whole of Palestine.

All statements made herein, while not guaranteed, are based on information from sources which we regard as being entitled to great respect and upon which we have acted.

II. TERMS OF THE CONCESSION:

A. *When Effective.*

The agreement provides that the concession set forth in detail therein is to be granted, provided that within two years from the date thereof the applicant shall procure and have registered in Palestine a limited liability company (hereinafter called the company) with an authorized capital stock of £1,000,000 (\$4,500,000.00), and with an actual cash subscription of £200,000 (\$900,000.00). To this company the concessions herein mentioned are to be assigned.

The corporate papers of this company are subject to the approval of the High Commissioner for Palestine in agreement with the Jewish Agency referred to in the Mandate for Palestine.

The company must begin work on the power house on the Jordan within twelve months from the date that the concession is taken over and must complete the dams, canals, and other works necessary for the proper working of the power house and the transmission and distribution of electrical energy within five years from that date.

B. Duration and Scope.

The concession is for a term of seventy years and the term is to be extended if the plan for the amortization of capital is not completed within the time contemplated.

It is an exclusive concession for the utilization of the waters of River Jordan and its basin, including the Yarmuk and all other affluents of the Jordan and its basin now or hereafter within the control of the High Commissioner. It also includes all such waters outside the present boundaries of Palestine, which, under the Anglo-French Convention of December 23, 1920, or otherwise, may now or hereafter be available to Palestine and Trans-Jordania for the purpose of generating electrical energy.

The concession not only covers the exclusive utilization of those waters for hydro-electric purposes, but provides that during the continuance of the concession, no further concession may be granted to any other person or company for any of the following purposes:

1. To construct canals, dams, reservoirs, water-courses, pumping stations or other works for the generation of electrical energy from water power;
2. To construct, equip, install and operate water or fuel or other electric power stations;
3. To construct, equip, install and operate overhead lines and underground cables;
4. To install electric lighting in streets, dwellings and buildings;
5. To supply electrical energy for consumption by docks, wharves, railways, plantations, mills, factories, workshops, laboratories, offices, houses, and by all agricultural, industrial, commercial and public or private establishments or undertakings of whatever kind;

unless in each instance the concession shall have first been offered to the company upon similar terms which shall be fair and reasonable. But the concession is not to be construed as restricting the construction or operation by the High Commissioner or any other person or company of any telegraph or telephone works.

Electrical energy is not now obtainable in Palestine to any appreciable extent in any form. The concession, however, affords protection against competition from the sale of all electrical energy, whether developed by water power or fuel. Existing undertakings for the generation, supply, distribution or sale of electrical energy or any valid pre-existing concession competing with this concession are subject to the exercise of the governmental power of eminent domain at the request and cost of the company.



SPRING OF DAN, ONE OF THE MAIN SOURCES OF JORDAN

All lands, buildings, property or easements required for the construction of the works may be acquired, if necessary, through the exercise of the power of eminent domain.

The company has the right to construct electric tramways and railways in priority to all others. It may establish and carry on factories, works and undertakings necessary or convenient for the production of material and machinery required for the concession. It may also establish and carry on factories, works and undertakings able to utilize large quantities of electric energy.

C. Rates.

During the first ten years the company is to provide electrical energy to the consumers' meters at rates not exceeding:

1. For electric lighting in private houses, three (3) piastres (approximately fifteen (15) cents) per kilowatt hour;

2. For street lighting, water supply, irrigation and for industrial purposes one and a half (1-1/2) piastres (approximately seven and a half (7-1/2) cents) per kilowatt hour.

For larger consumers of energy the rates are to be fixed by special agreement between the company and the consumers and for other purposes such as heating and cooking, the rates are not to exceed the maximum rates to be fixed in agreement with the High Commissioner.

At the expiration of ten years the company may submit to the High Commissioner a new sliding scale of rates, but such scheme is not to be put in force without the consent of the High Commissioner.

If in any year the company can write off the sums required for amortization, depreciation and reserve and declare a dividend of 10 per cent., tax free, on its share capital, then one-half of the net profits remaining thereafter shall be paid to the High Commissioner. And if, subject to that limitation, the company can in any year write off the sums required for amortization, depreciation and reserve and declare a dividend of 15 per cent., then all the net profits remaining thereafter shall be paid to the High Commissioner. All sums so paid to the High Commissioner shall be applied by him to the reduction of rates or to such other purposes as shall from time to time be agreed by him with the company.

If it becomes necessary to annul a competing existing concession and payment has to be made by the company, the rates may be increased correspondingly.

D. Amortization, Depreciation and Reserve.

The fair working of the above provisions with regard to rates and profits, and the permanent safeguarding of the original investment, are obtained through the creation of an Amortization Fund, a Depreciation Fund and a Reserve Fund.

1. Amortization.

The share capital of the company is to be amortized by the establishment of a fund on the basis of 4 per cent. compound interest computed with yearly rests on the amount thereof. The Fund is not to exceed the paid-up capital and any arrears of amortization are to be a first charge on future profits.

2. Depreciation.

The company may set aside in each year, after the first delivery of electrical energy, 4-1/2 per cent. of the cost of the power and transmission plants and lines, and 7 per cent. of the cost of the distribution system.*

3. Reserve.

The company may set aside not more than 10 per cent. in any one year of the invested capital, provided the reserve fund shall not at any time exceed 50 per cent. of such capital.

The total of the Depreciation and Reserve Fund shall at no time exceed the total investment.

E. Tax Exemption.

The Company has partial relief from taxation. During the first ten years the amortization, depreciation and reserve shall, for taxing purposes, be deemed expenses and not profits, and during such period no tax shall be levied on the profits of the company, unless the profits shall have been sufficient to pay a cumulative dividend of not less than 6 per cent., tax free. If any tax is levied on electrical energy or fuel employed in the production thereof, then the rates may be accordingly increased. The payment of any customs duties may be deferred until the profits of the Company are sufficient to pay a dividend of not less than 8 per cent., tax free, and such payments shall then be made in yearly installments of 5 per cent.

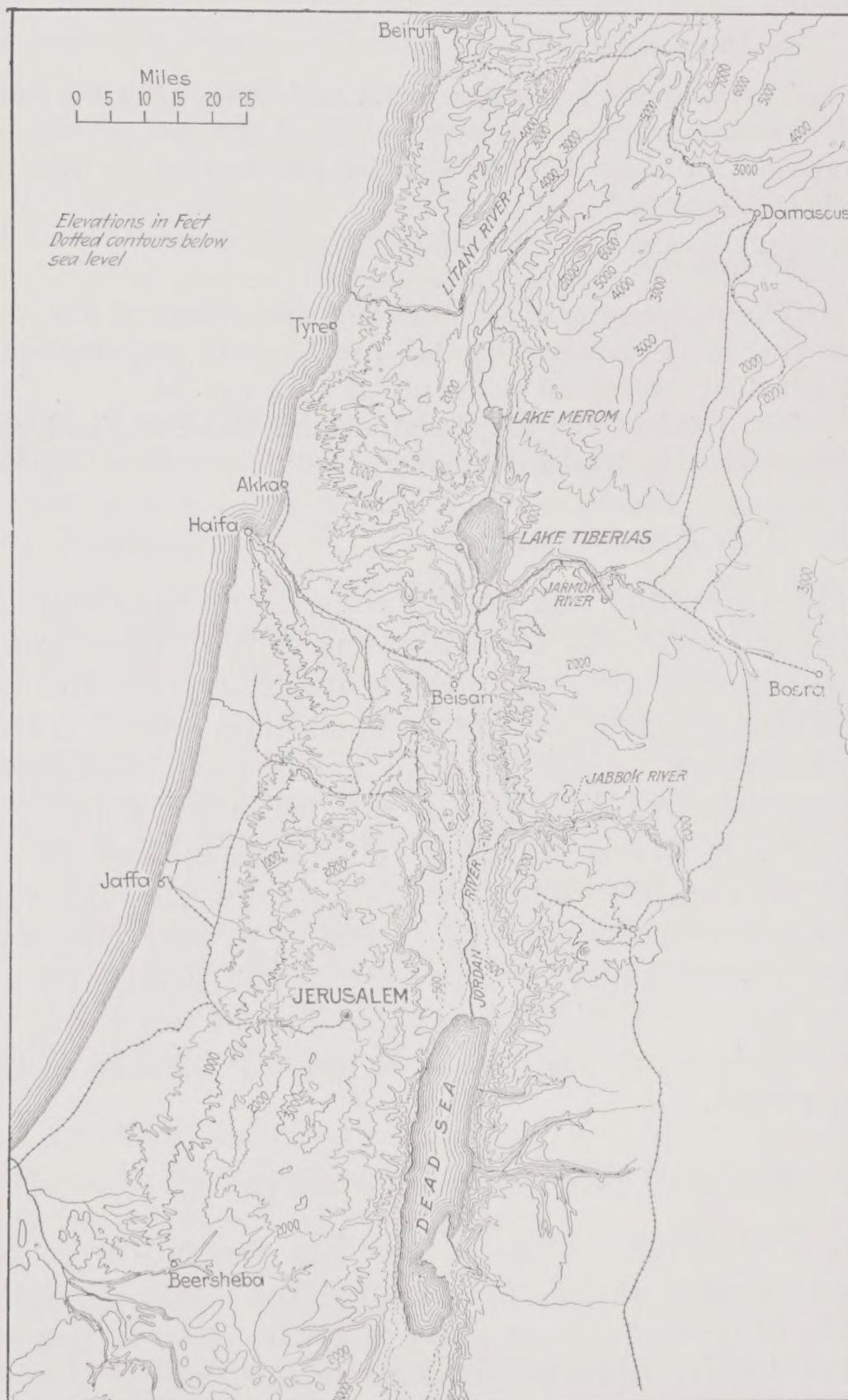
F. Right of Government to Acquire.

1. The High Commissioner has the power to purchase the undertaking at the expiration of the thirty-seventh, forty-seventh, fifty-seventh, or sixty-seventh year, if the company be given twelve months previous notice, and if the company be paid

*Since experts consider 3 per cent. sufficient for depreciation, a considerable reserve may under these provisions be created which would not be subject to the Government's profit-participating rights.

a. The sum necessary to complete the amortization of the share capital.

b. A sum equal to the capitalized value of the estimated profits for the residue then unexpired of the term of the concession, less interest. The estimated profits shall be computed on the basis of the average annual profits for the five preceding years, after writing off



* MOUNTAINOUS TOPOGRAPHY CONTROLS PALESTINE
WATER RESOURCES

* The maps and charts in this prospectus are loaned by the *Engineering News Record*.



UPPER END OF LAKE MEROM
VIEW LOOKING NORTHEAST, HERMON MOUNTAINS IN DISTANCE

the sum for amortization, depreciation, and reserve. The rate of discount shall be the average rate for three months British Treasury bills during the preceding year. Such sum, however, under "b," shall not exceed 50 per cent. of the issued capital of the company.

c. Compensation for installation and repairs (other than repairs caused by ordinary wear and tear) as shall have been made within the fifteen years immediately preceding, that are not covered by the provision for depreciation and were paid out of profits which, if not used, would have been available for distribution as dividends.

If the Government purchases the undertaking, the existing reserve fund is to be applied first to pay the company the deficiency, if any, by which the annual profits of the company shall have been insufficient to pay an average dividend of 12-1/2 per cent., tax free, from the time of the formation of the company, and the balance is to be paid to the High Commissioner.

2. If the High Commissioner shall not, in the meantime, have purchased the undertaking, the High Commissioner may, at the expiration of the term of seventy years or of an extension thereof, renew the concession, and in that case the company shall have the first refusal of such renewal. If the High Commissioner refuses to renew the concession, or the company refuses to renew it, the undertaking shall pass to the High Commissioner free of charge, subject to the payment of adequate compensation for the supply of fuels, mate-

rial, apparatus, meters, and instruments, and the payment for any laboratory, library, or other scientific establishments, and for such installations and repairs (other than repairs caused by ordinary wear and tear) as shall have been made within the last fifteen years of the concession that are not covered by the provisions for depreciation and were paid out of profits which, if not used, would have been available for distribution as dividends.

It should be observed, however, that the concession cannot expire and the undertaking pass without charge to the government until the amortization fund is sufficient to retire the share capital.

III. TECHNICAL PLAN:

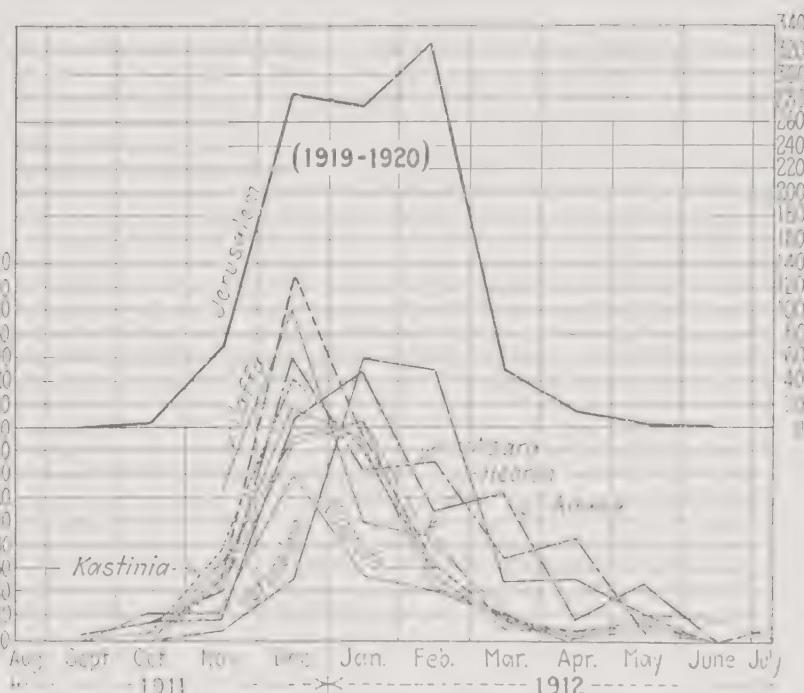
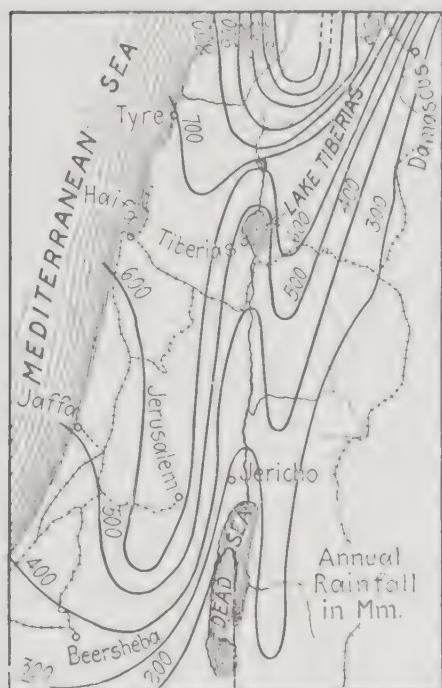
Mr. Rutenberg's plan in its final development contemplates the utilization of the Jordan from its headwaters to the Dead Sea, and the use of the waters of the Yarmuk and the harnessing of its falls to the east. The scheme is capable, however, of gradual accomplishment in successive stages.

At present it is planned to carry out only the first part of the general scheme, which involves the utilization of the falls of the River Jordan, between Lake Tiberias and Jisr-el-Mujamyeh. In a distance of eight miles there is a fall of forty metres. If practicable the work will be divided into two falls of twenty metres each with a power house at Abadieh and Jisr-el-Mujamyeh. The damming of the Jordan, where it leaves the lake of Tiberias, will make of that lake a great natural storage reservoir, better, in fact, than human engineering could provide. By means of this reservoir water of the Jordan (and later, also, of the Yarmuk) may be conserved in the wet season for use in the dry season, and its flow so regulated during the day as to leave the water out of the reservoir to the turbines at such hours and in such quantities as to meet the actual demands for energy.

From the power house or power houses on the Jordan the energy will be conducted by high tension lines of 66,000 volts to the main centers of consumption, where it will be transformed and transmitted by lines and covers of medium tension, of 15,000 volts in the country districts and of 6,000 volts in the towns, and distributed by a low tension net of 110-220 volts. It is further planned to erect in the main

centres of consumption of energy—that is, at Jaffa, Haifa, and Jerusalem—reserve fuel power houses to supplement the hydraulic stations in the event of any interruption or shortage for any reason in the supply of Jordan energy.

From the initial project on the Jordan alone Mr. Rutenberg has calculated that 70,000,000 kilowatt hours per annum



RAINFALL DISTRIBUTION, MONTHLY AND ANNUAL VARIATIONS IN PALESTINE
TOTAL ANNUAL PRECIPITATION FAIRLY HIGH, BUT DRY SUMMERS MAKE IRRIGATION NECESSARY
FOR ADEQUATE DEVELOPMENT OF AGRICULTURE

of electrical energy can be made available. With the subsequent utilization of the waters of the Yarmuk, which empty into the Jordan about four and one-half miles south of Lake Tiberias, 130,000,000 kilowatt hours per annum, it is thought, can be obtained. As Mr. Rutenberg has estimated the immediate demand for electric energy in Palestine at 20,000,000 kilowatt hours per annum, it would seem that the initial project would produce a considerable surplus of power available for the requirements of a growing country.

IV. EXPERT EXAMINATION OF TECHNICAL PLAN:

Mr. Rutenberg's plans were subject to careful scrutiny by the Palestinian Government and by the British Government prior to the granting of the concession.

The first report to the High Commission was rendered by Sir John Snell, Chairman of the Electricity Commission

of the British Government on March 7, 1921, from which the following is quoted:

"I am bound to say that I am greatly impressed with the general conception which embraces the utilization of the natural sources of power in Palestine and the regulation of the available water for irrigation purposes. If the scheme is sound and commercially possible it ought to have an enormously beneficial effect on the restoration of Palestine as an important agricultural country and in the development of industry within the country."

After stating that the existing data as to rainfall and evaporation are necessarily fragmentary, Sir John Snell goes on to say:

"It is possible that you may have officers attached to your staff who can check some of the topographical points in Mr. Rutenberg's scheme, and if this is done and they concur in Mr. Rutenberg's deductions on this head, I should say that there is not much risk in proceeding to carry out the first stage of development at Lake Tiberias, including the transmission system connecting Haifa, Jaffa and Jerusalem therewith, and other places, of course, en route, so as to make power available at such places for the immediate establishment of industrial work."

And the report concludes:

"It is only fair to Mr. Rutenberg to say that I do not recollect to have seen any scheme which has been more carefully prepared, and if the facts of level amount of water available, etc., are corroborated, I am bound to say that the whole conception is of a most statesmanlike character, and there is an almost unrivalled opportunity of obtaining the necessary agricultural improvements and the initiation of the industrial work drawn from the natural power resources of the country in the shape of water power to have a greatly beneficial effect upon the country."

In the House of Lords on April 5th of this year the Duke of Sutherland, speaking for the Government, thus stated the result of the investigations made:

"The whole scheme has been examined with the greatest care by the departments of the Palestine Government, who are particularly concerned, and also by the technical advisers of the Secretary of State for the Colonies of this country, and it is generally agreed that, from an engineering point of view, the scheme is thoroughly sound. (Parliamentary Debates, House of Lords, April 5, 1922.)

Baron Edmond de Rothschild of Paris submitted Mr. Rutenberg's scheme to his own experts. Their report has

not been made public yet, but the Baron, after having received their report, agreed to subscribe £100,000 (approximately \$450,000.00) to the company to be formed.

The Palestine Development Council of this country has submitted Mr. Rutenberg's plans to one of the members of its Board of Trustees, Dr. L. C. Loewenstein, Consulting Engineer of the General Electric Company, for his expert opinion thereon. The conclusions as reached by him and his associates are as follows:

"Our Engineers of Schenectady, who have been investigating the proposed Rutenberg Hydro-Electric Development in Palestine, have given me their report, a copy of which I am sending you herewith.

I consider the engineers who have studied Mr. Rutenberg's scheme in detail and have gone into the matter with extreme thoroughness, the best qualified men whom I could obtain in giving an engineering opinion. Their conclusions are as follows:

1. That the amount of available water is far in excess of the present demand of energy.
2. That the costs of development are estimated very liberally, and will probably be lower than anticipated.
3. That the demand for electrical energy will probably exceed the estimated figures, thus increasing the annual income which is expected by Mr. Rutenberg.

The above is a quotation from the very end of their report. They find Mr. Rutenberg's estimates more than conservative. The present demand of energy in Palestine was based on about 20,000,000 Kw. hours.

For the limited project, as we all understand it, there is no possibility of taking any engineering chances as far as available water is concerned. The cost estimates are extremely conservative, and the statement as to the consumption of power is lower per capita than in any other civilized country, and therefore, also conservative.

I personally wish to add that I consider the entire scheme feasible, that the data Mr. Rutenberg presents are extraordinarily complete. Throughout the entire investigation we have not found a single case where Mr. Rutenberg under-estimated cost of installation or over-estimated available water supply, or the probable income or return on the investment. I feel that all data furnished us and all deductions made therefrom are very conservative.

I am very much impressed with the engineering ability shown, and the thoroughness of Mr. Rutenberg's work, and his scheme is, in my judgment, a sound and excellent engineering project.

I consider this project one of the greatest and one of the most important in the development of Palestine. The future of this country depends, in a large measure, on the successful utilization of its power resources."

V. COST OF INSTALLATION AND OPERATION.

Mr. Rutenberg has presented the following estimate of the cost of installation.

1. Hydraulic works (dams, channels, pressure pipes)	£ 250,000	\$1,125,000
2. Power House of 16,000 KW (of which 4000 KW in reserve), buildings, turbines, generators, switchboards, transformers.....	180,000	810,000
3. Land	20,000	90,000
4. a) Lines of High Tension.....	150,000	675,000
b) Lines of Medium and Low Tension	100,000	450,000
5. Three Fuel Reserve Stations of 2000 KW	100,000	450,000
6. Unforeseen contingencies 25 per cent.	200,000	900,000
	£1,000,000	\$4,500,000

Mr. Rutenberg has calculated that the annual cost of operation, including depreciation, will be as follows:

1. Depreciation of the hydraulic part at 5 per cent. compound interest over a period of 66 years, i. e., 0.2 per cent. per annum.....	750	3,375.
2. Depreciation of the electrical part at 5 per cent. compound interest over a period of twenty years, i. e., 3 per cent. per annum.....	18,750	84,375.
3. Physical maintenance (repairs) 2 per cent. of the total cost of installation, £1,000,000	20,000	90,000
4. Labor and overhead expenses 4 per cent. of the total amount of installation, £1,000,000	40,000	180,000
5. Sundries	20,500	92,250.
	£100,000	\$450,000.

Dr. I. W. Majerczik, Consulting Engineer of the Allgemeine Electricitaets-Gesellschaft, Berlin, who examined Mr. Rutenberg's estimates of capital cost and annual expenditures, concluded that they are quite conservative.

Dr. Loewenstein, to whom the Palestine Development Council submitted Mr. Rutenberg's estimates, reported in this regard:

"That the costs of development are estimated very liberally and will probably be lower than anticipated."

This statement, so far as the estimates of installation are concerned, is the more assuring because it is made on the basis of American costs, while the prices for raw materials and machinery in the world market may be, in many cases, somewhat lower.

It should be borne in mind also that costs have fallen



LAKE TIBERIAS IN MOONLIGHT
NATURAL RESERVOIR FOR IMPOUNDED WATERS

considerably since Mr. Rutenberg's estimates were prepared, but in view of the instability of the market and in order to be safe, Mr. Rutenberg has not revised his cost estimates.

The question may be raised whether it is more advantageous to start with the construction of several independent fuel stations at the main centers of consumption than with one centralized hydraulic station. Dr. Majerczik, who has inquired into the question, has calculated that, while the initial cost of fuel installation for the generation of the immediate demands would be about £800,000 or approximately 20 per cent. under the estimated cost of installation of the proposed hydraulic plant, the yearly expenditure would be about £180,000 or approximately 80 per cent. higher for the operation of the fuel stations capable of supplying the present estimated consumption of about 20,000,000 Kw.H. than for the operation of the hydro-electric power plant capable of supplying 70,000,000 Kw.H.

Dr. L. C. Loewenstein of the General Electric Company of this country writes as to this point as follows:

"The question can be answered broadly by stating that in most every civilized country wherever water power is available, hydro-electric energy is cheaper than energy produced by fuel. Here, in the United States, where fuel is cheaper than it would be in Palestine, water power, wherever available, is, in every case, cheaper than fuel stations. This is true in Switzerland, in Norway and Sweden, and, in fact, in every country where we find available water power. It is reasonable to assume that all these countries have oil at lower cost than it would be produced in Palestine. Even if there is oil in Palestine, the oil would be worth more for other purposes than for power purposes, if the same power can be furnished hydroelectrically."

VI. ESTIMATED CONSUMPTION:

The Rutenberg project is not planned to satisfy the existing power requirements only. Its primary object is to stimulate enterprise for the future economic upbuilding of Palestine. Cheap power for industry and irrigational pumping is essential to the industrial and agricultural develop-

The reports mentioned heretofore, namely, of Sir John Snell, Chairman of the Electricity Commission of the British Government; the report of Dr. L. C. Loewenstein, Consulting Engineer of the General Electric Company, Lynn, Mass., and the reports of the other engineers of that company, the reports of Dr. I. W. Majerczik, Consulting Engineer of the Allgemeine Electricitaets-Gesellschaft, Berlin, are on file at the office of the Palestine Development Council, 31 Union Square, New York City, and will be exhibited to anyone interested.

ment of the country. It is, however, most gratifying that the immediate prospective consumption alone would seem to suffice to make the plan a sound investment proposition from the start. There exists at present urgent need of electrical energy in considerable quantities for public purposes which, apart from all private requirements, assures from the outset a large and permanent demand.

A. Public Requirements for Power.

There is, first of all, the Government of Palestine itself, which requires a large amount of energy. The Government has, in principle, decided to electrify the railways and to start with the electrification of the Jaffa-Jerusalem line. A contract to this effect is already agreed upon in the main outlines, and can be concluded before the company is definitely organized. The Government railway workshops of Haifa are pressing Mr. Rutenberg now to supply them with energy. The municipalities of Jaffa, Jerusalem and Haifa are anxious to obtain energy for lighting the streets and for supplying water to their inhabitants. The government has already agreed to guarantee a loan to municipalities of Jaffa and of Tel-Aviv in order to enable those communities to participate in the cost of the installation of the distribution not in the respective municipal areas. Negotiations with the Haifa and Jerusalem authorities are in course and considerable pressure is being brought to bear upon Mr. Rutenberg to come to terms at an early date. The government has been authorized by law to guarantee loans made by the municipalities for hydraulic power development purposes.

B. Private Requirements for Power.

The orange plantations around Jaffa, cultivated by Jews and Arabs alike, which export at present about 1,000,-000 cases each year, are one of the mainstays of Palestinian agriculture. These depend for irrigation solely on pumped water. The Rutenberg project will furnish them irrigational pumping much cheaper than can possibly be obtained at present. So far as lighting is concerned, conditions for the introduction of electricity are unusually favorable because of the fact that light is obtained only by oil lamps, as gas plants, which compete elsewhere with electricity, do not exist. For the same reason it is expected that electrical energy will

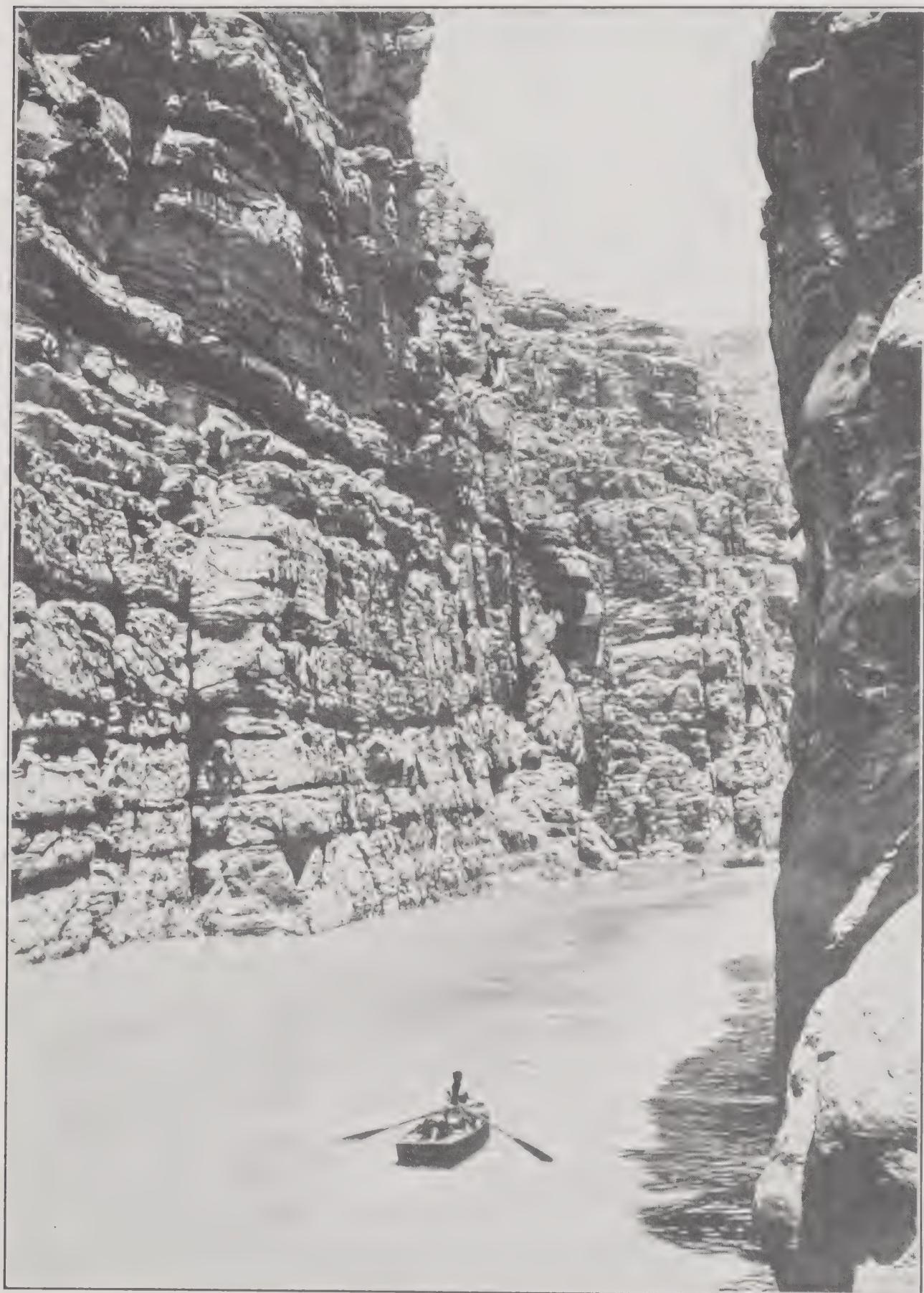
be used much more extensively for heating and cooking purposes in Palestine than elsewhere. Government offices, hotels, religious and charitable institutions and private houses will all require energy. The needs of private industry will also be considerable. Mr. Rutenberg has calculated that hydraulic power will be so much cheaper than any other that a large part of the private industries now in Palestine will use electrical energy just as soon as it is available. He has already been approached by a number of industries, and it seems safe to assume that virtually all new industries (and some fairly large enterprises for Palestine are now in the course of construction at Jaffa and Haifa) will use electricity from the start. In the district of Jaffa alone there are at present in use some six hundred fuel motors, which were mostly installed before the war and are very expensive to operate and keep in repair. The owners are said to complain almost without exception of the poor service obtained, and would doubtless speedily avail themselves of the opportunity of securing hydro-electric power.

On the basis of minute investigation on the spot, Mr. Rutenberg arrived at the conclusion that there will be the following demands for energy within a year after the Jordan Station is ready for operation. The corroborating estimates of Dr. Majerczik, who went to Palestine for the express purpose of checking Mr. Rutenberg's figures are also set forth.

Nature of Service	Consumption in Kw. H. as estimated by Mr. Rutenberg	Dr. Majerczik
Public Requirements:		
Street Lighting	400,000	470,000
Water Supply	2,400,000	3,000,000
Railways	4,000,000	4,000,000
Railway Shops	500,000	500,000
<hr/>		
Total	7,300,000	7,970,000
Private Requirements:		
Lighting	1,400,000	1,200,000
Industry	3,500,000	2,790,000
Heating and Cooking	1,200,000	1,500,000
Irrigation	2,000,000	2,500,000
<hr/>		
Total	8,100,000	7,990,000
Grand Total	15,400,000	15,960,000

To the estimated total of 15,400,000 Kw.H., Mr. Rutenberg adds 25 per cent. on account of loss of energy in trans-

mission from the power house to the users, making the total production necessary for the immediate consumption contemplated, approximately 20,000,000 Kw.H., although in the opinion of experts loss in transmission should not exceed 20 per cent.



PASSAGE OF THE GHOR

VII. ESTIMATED INCOME:

On the basis of his above estimate of the immediate demands, Mr. Rutenberg expects the following income from the Jordan Works by the end of the second year of operation:

Nature of Service	Rate per kw.h. in Piastres	Income in Egyptian Piastres	Income in American Dollars
Public Requirements:			
1. Street Lighting	1.5	E£6,000	27,000
2. Water Supply	1.5	36,000	162,000
3. Railways	0.9	36,000	162,000
4. Railway Shops	1.25	6,250	28,125
Total		E£ 84,250	\$379,125
Private Requirements:			
5. Lighting	2.7	37,800	170,100
6. Industry	1.25	43,750	196,875
7. Heating and Cooking	1.0	12,000	54,000
8. Irrigation	1.25	25,000	112,500
9. Rent for about 10,000 meters at E£1 per annum		10,000	45,000
Total		128,550	578,475
Grand Total		E£212,800	\$957,600

In this calculation nothing has been included for the sale of water for irrigation, although such sale may, in the future, yield considerable income. Consumption of energy by street cars, the construction of which is to be anticipated in the near future, and the consumption of energy in the harbors of Jaffa and Haifa, has not been taken into consideration.

The rates taken above are somewhat under the maximum rates allowed to be charged under the Jordan concession and considerably under the rates provided in the Jaffa concession.

On the basis of the above calculation the yearly income is estimated to be E£212,800 or \$957,600, with a yearly expenditure of E£100,000 or \$450,000, thereby leaving a net income of E£112,800 or \$497,600, which, on the basis of the calculated capital invested of E£1,000,000 or \$4,500,000, would allow the distribution of dividends of 10 per cent. by the end of second year of operations. For undertakings

of this nature a dividend of one-half that amount during the first few years is generally considered quite satisfactory.

VIII. FINANCIAL PLAN:

After investigation of both the engineering and financial aspects of the Rutenberg project, the Palestine Development Council has undertaken to act as trustee under the



* WHITE WATER

* Copyright Underwood & Underwood.

trust agreement hereto attached. As it is necessary under the terms of the concession that the company be organized and that substantial cash paid in, subscriptions under the trust agreement are now requested. The definitive incorporation of the company will be effected after conference with the other participating groups with regard to the rights and privileges of the common and preference shares and to the disposition of any excess profits accruing to the common shares. It is hoped that before the definitive incorporation of the company, a detailed contract with the Government in respect to the electrification of the railway, which has already been agreed in principle, may be concluded and possibly, also, an agreement in respect of the use of electric lights for public purposes. The technical problems should by that time have been sufficiently advanced so as to permit the immediate commencement of the work.

Subscriptions under the trust agreement will be used for the purchase of preference shares in the company to be formed to take over the concession. The preference shares will be entitled to dividends up to 8 per cent. per annum in each fiscal year out of net earnings for such fiscal year in preference and priority to any payment of dividends and equally with the ordinary shares (after the ordinary shares have received 8 per cent.) for any such fiscal year up to but not exceeding 12 per cent. per annum out of net earnings for such fiscal year. The preference shares will not be cumulative, in view of their right to participate in the profits up to 12 per cent. The preference shares will also be entitled, upon liquidation, to preference in the distribution of assets up to but not exceeding par. Dividends are not to be paid on any shares for three years after incorporation. It is hoped that arrangements may be made whereby the excess profits will not go to the holders of the ordinary shares for their own use but will be held by them in trust for the benefit of Palestinian reconstruction. In this way the common share holders, while creating a special guarantee for safety of the holders of the preference shares, would not claim more profits than the holders of preference shares. It is expected that the common shares form at least 20 per cent. of the total share capital and will be acquired by public Jewish bodies. It is planned that only the preference shares will be offered for general subscription.

In approaching herewith the subscribers in this country,

the Palestine Development Council wishes to point out that it expects, apart from Jewry outside of Palestine, the Palestinian population (all sections of it) will subscribe to an undertaking which will be destined to serve the interests of Palestine as a whole and all of her inhabitants alike. It is, furthermore, anticipated that apart from American Jewry the Jews of other countries will be anxious to participate in this scheme, which, according to the words of the Duke of Sutherland, spoken in the name of the British Government, the mandatory of Palestine, is "the most substantial, practical contribution so far made by Judaism to the restoration of prosperity in Palestine." Of course, not only Jews, but all persons who desire to participate in the upbuilding of Palestine are cordially invited to subscribe. On November 17, 1921, Sir Herbert Samuel, the High Commissioner of Palestine, wrote to Mr. Rutenberg:

"The mission on which you will be engaged in America is one of the greatest importance to Palestine. The plan for utilization of the principal sources of water power in the country for the production of electric energy, combined with the irrigation and colonization of certain of the lands now vacant or sparsely cultivated, is one of the most valuable measures that could be devised for the economic regeneration of the country.

"His Majesty's Government, as well as the administration of Palestine, are greatly interested in the scheme, and desirous of extending to it every encouragement. Its successful execution, by increasing the prosperity of the country, will benefit all sections of the community. It will be a striking example of the advantage to be gained from the introduction of Jewish enterprise and capital, and the establishment of additional colonies of Jewish settlers.

"I would express the very earnest hope that you may secure in America the measure of financial support that is essential to enable you to carry into execution your most valuable project."

PALESTINE DEVELOPMENT COUNCIL, INC.

31 UNION SQUARE, NEW YORK

We do not guarantee the statements herein contained, but they are based on information from sources which we regard as being entitled to great respect and upon which we have acted.

APPENDIX I

TRUST AGREEMENT

**APPROVED AND ADOPTED MAY 6, 1922,
By PALESTINE DEVELOPMENT COUNCIL, INC.**

WHEREAS, the High Commissioner for Palestine has granted to Pinhas Rutenberg, for the purpose among others of generating and distributing electric energy for light and power in Palestine, a certain concession and has agreed to grant a further concession to a limited company to be formed and registered in Palestine, and

WHEREAS, copies of said concessions and reports of experts who have examined the project are on file at the office of the Palestine Development Council, Inc., 31 Union Square, New York City, and

WHEREAS, it is proposed that one or more companies shall be organized with as little delay as possible, to accept said concessions and the rights and privileges thereunder, and to begin the construction thereunder of one or more plant or plants for the generation of electric energy, and for other purposes, to the end that as quickly as reasonably possible work projected under said concessions may be instituted in Palestine, and

WHEREAS, the Palestine Development Council, Inc., desires to participate in the raising of funds with which to hasten the building of said plants and system and to obtain subscriptions to the shares of a company or companies to be organized hereafter for such purposes, and pending the organization of said company or companies, said Palestine Development Council, Inc., as trustee for the subscribers hereto, is willing to receive, hold, and apply all funds subscribed hereunder.

NOW, THEREFORE, it is agreed by each subscriber with the trustee, and by each of the several subscribers with the others hereunder, that such subscriber will pay to said Palestine Development Council, Inc., as trustee, the sums set out in certain subscription agreements respectively signed by said subscribers and made a part hereof, at such times as may be provided in said agreements and subject to the following terms and conditions:

1. Each subscriber hereunder shall sign a subscription substantially in the following form:

The Palestine Development Council, Inc., may from time to time vary the form of subscription by such appropriate insertion, omission or variation as it may deem wise. Upon payment of the amount subscribed in full, the trustee shall issue to the subscriber a certificate assignable only on the books of the trustee and according to the rules and regulations prescribed from time to time by the trustee. Signing the subscription blank or acceptance of the trust certificate by any subscriber or certificate holder shall be conclusive evidence of his consent to the terms of this agreement with the same force and effect as if he had personally affixed his signature hereto.

2. A company or companies is to be organized with an authorized capital of 1,000,000 pounds to which company or companies will be assigned said necessary rights and privileges for working said electric energy development project.

3. The company or companies to be formed will issue preference shares which shall be entitled to non-cumulative dividends at the rate of, but not exceeding 8% per annum in each fiscal year out of net earnings for such fiscal year in preference and priority to any payment of dividends on any other class of shares for such year; provided that after payment of dividends up to 8% per annum in any year on the common shares, the preference shares shall be entitled to dividends equally with the common shares for any such fiscal year up to but not exceeding a total dividend for such year of 12% per annum. The preference shares shall be entitled upon liquidation, or winding up, to preference in the distribution of capital, up to, but not exceeding par, and to no further distribution of capital or dividends. Dividends shall in no event be payable on any class of stock for a period of three years after the formation of the company.

4. A substantial proportion of the capital shall be fully paid up common shares, which it is expected will be held by quasi public Jewish bodies. It is expected that such fully paid up common shares will be at least 20% of the total authorized share capital.

5. Further terms and provisions with respect to the various classes of shares shall be determined by the trustee hereunder, and it shall have power to make any modifications of this agreement as to minor matters of detail which are necessary to carry out the purpose thereof.

6. It is proposed that funds received by the trustee under this agreement shall be used for the purchase of preference shares in the company or companies to be organized, but only after adequate safeguards for the effectuation of the purpose hereof, and such corporate, legal, business and financial conditions of organization, direction and management, and such provisions as to the nature and extent of the project to be undertaken, shall have been previously provided as in the opinion of the trustee are necessary and proper therefor. This shall include the power to secure for a reasonable number of years after the formation of the company proper management and continuity in policy and management. The trustee shall have power to convert dollars into pounds at the rate of exchange prevailing at the time the conversion is made. The trustee shall deliver to the subscribers such stock or voting trust certificates in the company or companies as it may obtain, or in lieu thereof voting trust certificates.

7. Until the trustee purchases the shares or other certificates of interest of the Palestine company or companies, it shall have power in its discretion to invest and reinvest funds deposited with it hereunder in securities readily marketable in New York City, provided that if securities other than obligations of the United States, or any state or sub-division thereof, or of the United Kingdom, Canada or Palestine are purchased, adequate guarantees as to principal and interest shall be obtained.

8. The trustee shall have power to employ experts, counsel, accountants and to incur any other necessary incidental expenses of organization and administration of the trust, including expenses and selling trust certificates and in securing subscriptions, for which purpose it may use not exceeding 4% of the funds deposited hereunder.

9. The trustee shall have power in its discretion to terminate the trust, and like power to determine when the conditions provided herein are complied with.

10. If the purpose of this agreement cannot be carried out, or if the trust be terminated, funds deposited hereunder with any accretions thereto, after deducting all expenses incurred under paragraph "8" hereof, shall be returned forthwith to the subscribers.

11. The trustee shall have power in its discretion from time to time to add other trustees and to substitute other trustees. Any substituted or additional trustees upon signing this agreement shall have power to do any and all acts and things which the trustee is authorized to do, as if they and each of them were specifically designated as trustees hereunder. The trustees may adopt their own rules of procedure. It shall not be necessary for them to meet formally in order to take any action, and they may take such action by resolutions or instruments in writing signed by them or a majority of them. The action of the majority shall constitute the action of the trustees.

12. The trustee undertakes in good faith to execute the trust hereunder. It assumes no responsibility for any statements or representations other than those contained in the printed prospectus with reference to the matters herein dated. It shall not be liable in any case for its acts hereunder except in the case of wilful malfeasance.

13. This agreement may be simultaneously executed in several counterparts, each of which so executed shall be deemed to be an original. Such counterparts shall together constitute but one and the same instrument.

At a regular meeting of the trustees of the Palestine Development Council, held in New York City, May 6th, 1922, the foregoing Deed of Trust and Form of Application having been presented, together with the report of the Sub-Committee on various phases of the proposed Rutenberg Hydro-Electric scheme, upon motion duly made, seconded and carried, it was unanimously

Resolved, that the Palestine Development Council, Inc., proceed to raise funds for the purpose of investment in a corporation, with a capital of £1,000,000, to be organized under the laws of Palestine for the purpose of taking over the concession granted by the High Commissioner to P. Rutenberg dated Sept. 12, 1921, and for the purpose of perfecting and taking over the concession to be granted under the agreement between the said High Commissioner for Palestine and P. Rutenberg dated Sept. 21, 1921, and for the purpose of generating and distributing electric energy for light and power and other purposes in Palestine.

Resolved further that the Palestine Development Council, Inc., pending the organization of said corporation, agree to receive, hold and apply all funds subscribed as trustee for the subscribers in accordance with a declaration of trust hereto annexed.

Resolved further that the Chairman and the Secretary of the Palestine Development Council, Inc., be authorized to execute the said annexed Deed of Trust and to affix the corporate seal thereto.

Resolved further that the form of the Deed of Trust be hereby approved in the form as submitted with the power to make such changes as the committee may deem advisable.

Resolved further that the officers are hereby authorized and directed to do any and all things necessary to effectuate the same.

APPENDIX II
PARLIAMENTARY DEBATES
HOUSE OF LORDS
Wednesday,
15th of March, 1922.
OFFICIAL REPORT UNREVISED

Question: PALESTINE, THE RUTENBERG SCHEME
Pages 508, 509

Lord Raglan: My Lords, I beg to ask His Majesty's Government the Questions standing in my name on the Paper, namely:

(1) Whether what is known as the Rutenberg scheme for the development of the Jordan Valley has been sanctioned by the Government; (2) whether the owners and occupiers of the lands affected have expressed approval of the scheme; (3) whether the Government accept any responsibility for the success of the scheme; (4) whether the scheme will be carried out under Government control or supervision; (5) whether Jews working on the scheme will be afforded special protection, and if so, who will pay for it.

The Duke of Sutherland: My Lords, the Rutenberg scheme is the most substantial practical contribution so far made by Judaism to the restoration of prosperity to Palestine. The proposal, put shortly, is that the river Jordan should be dammed at the point where it leaves the Lake of Tiberias and the lake thus converted into a great natural reservoir. Turbines are then to be installed near the dam and the water power employed for the generation of electricity. The water after passing through the turbines will return to the old course of the Jordan. The scheme, as originally prepared, included, in addition to the production of electrical energy, an elaborate irrigation project, the effect of which would be to bring under cultivation large areas which are at present practically waste lands, used only for grazing at certain seasons of the year.

This irrigation project has not yet been taken up, as the Palestine Government feels that the time is not yet ripe to put it into operation. On the other hand, that Government has signed an agreement with Mr. Rutenberg to the effect that if he will form a company with a certain fixed minimum of capital, he will be given a concession for the hydro-electrical project. The agreement provides that the Memorandum and Articles of Association and other regulations and constitution of the company to be formed shall be subject to the approval of the High Commissioner for Palestine in agreement with the Jewish Agency referred to in the Mandate for Palestine. The concession also provides for the limitation of the profits to be earned by the company, and for control by the Government of the rates to be charged for electrical energy. The whole working of the company is, in short, to be under Government control and supervision. On the other hand, the Government has not

accepted, and does not propose to accept, any financial responsibility for the success of the scheme. This answers the first, third and fourth points in the noble Lord's Question.

As regards the second point, the whole scheme has been very carefully examined by the Palestine Government and by the advisers of the Secretary of State for the Colonies, and the fullest provisions have been made for preserving the rights and interests of the owners of the lands affected. These owners have not, however, been directly consulted in the matter. The scheme is one which, His Majesty's Government and the Palestine Government are satisfied, will greatly benefit the whole of Palestine. The natural conditions, the level of the land and so on, make it necessary that the canals, the power-house and the other works should be situated within a small area. It would obviously be contrary to public interest to allow the owners of the land in that area to impose an absolute veto on the whole project. There is not at present any evidence that these owners will desire to impose such a veto; but if the necessity arises land will have to be expropriated and equitable compensation given. The position is very much the same that arose in this country when the great railways were being built. It is common knowledge that at that time the owners of some of the lands over which the railways were to pass were bitterly opposed to the scheme and did their best to create difficulties. Vested interests, however, were not allowed to stand in the way of the common good, and I am sure that your Lordships will not wish prejudices and vested interests, supposing such to exist, should be allowed to stand in the way of a scheme which will bring such immense benefits to the whole of Palestine.

Lord Raglan: May I ask the noble Duke whether the owners will be given an opportunity of appearing before an independent tribunal?

The Duke of Sutherland: I must have notice of that Question. Perhaps the noble Lord will ask me later. As regards the last part of the Question on the Paper, Mr. Rutenberg and his friends do not propose to employ only Jewish labour on the works which are to be carried out. On the contrary, the scheme will benefit all inhabitants of the country, Jews and Arabs alike; it will give employment to large numbers of Arabs; Jewish and Arab labourers will work side by side on digging the canals, building the power-houses, installing the machinery and keeping the whole in running order, each class of labour performing the work for which it is most suited. It will be the duty of the Government, just as it is the duty of every constituted Government, to maintain public order and protect these and all other important public works from raiders and other irresponsible opponents of law, order and progress. This is provided for in a clause of the concession which runs as follows: "The undertaking of the Company under this concession shall be recognized as a public utility body under Government control and all the installations and property of the undertaking shall receive protection as such and the company shall be entitled only to such rights to compensation for damage as are provided by law."

PARLIAMENTARY DEBATES

HOUSE OF LORDS

Wednesday,
5th of April, 1922.

OFFICIAL REPORT UNREVISED

Question: PALESTINE, THE RUTENBERG SCHEME

Pages 23, 25

Lord Raglan: My Lords, I beg to ask His Majesty's Government:

(1) Whether the Rutenberg Scheme has been examined on the ground by any disinterested expert; (2) whether the owners and occupants of the land affected will be given the opportunity to state a case before an impartial tribunal; (3) whether provision has been made for the safeguarding of Christian and Moslem sites.

In venturing to draw your Lordships' attention a second time to the Rutenberg Scheme, I should like first of all to say that I spent two years in or near the area of the Scheme and am pretty well acquainted with the ground. The area is on the borders of Palestine, Transjordania and French Syria, and is a particularly difficult and turbulent region. How much of it is to be handed over to Mr. Rutenberg as a first installment, is not clear, but the area has not been properly surveyed either by Mr. Rutenberg or any one else. I have a considerable experience of land disputes in that area. The demand for ground is keen and disputes are constantly arising and have not infrequently led to bloodshed. It seems to me to be very important that any Arabs that are to be dispossessed in this Scheme, should have an opportunity of bringing their case before a tribunal in which they have the fullest confidence. In addition to Capernaum and other Christian sites, the area contains the tombs of their Companions, of the Prophets and a number of other Moslem Saints. These are held very sacred and some of them are the object of pilgrimages.

In my humble opinion, the only way of carrying the Scheme out without causing any serious trouble is the convincing of the Arabs concerned that their interests lie in supporting the Scheme. Unfortunately, it appears from the answer given me by the Noble Duke the other day, that this has not been done and the opinion has been allowed to gain ground that the Scheme is merely a stratagem to enable the Jews to gain possession of Arab lands. The opposition to Zionism is chiefly due to the terror which is felt by Palestinians of being dispossessed of their land in favor of the Jews, and the danger is that they will regard this Scheme as a first step in such expropriation.

The Duke of Sutherland: My Lords, the reply to the first part of the Noble Lord's Question is in the negative. Large scale maps of the area affected already exist and when Mr. Rutenberg submitted his Scheme to the Palestine Government he submitted with it detailed plans and masses of geographical and meteorological data. It is on the basis of this data that any examination of the merits of the Scheme must be based. A mere examination of the ground will add little or nothing to

them. The whole Scheme has been examined with the greatest care by the Departments of the Palestine Government who are particularly concerned and also by the technical advisors of the Secretary of State for the Colonies of this country, *and it is generally agreed that from an engineering point of view, the Scheme is thoroughly sound.*

As regards the second part of the Noble Lord's Question. It is laid down in the draft concession that in cases where land is required for the purpose of the Scheme, it shall be expropriated by the Government in accordance with the local law of expropriation. The law provides that in cases where the parties have failed to arrive at an agreement, the matter shall be submitted to arbitration by arbitrators appointed by the local district courts, from a tribunal selected by the Government of the district. There is a right of appeal by either party to the Supreme Court in Palestine.

As to the third Question, regarding the provision made for the safeguarding of Christian and Moslem religious sites. As far as I am aware, no religious sites are affected. All the plans have, however, by the terms of the concession, to be submitted to the High Commissioner before examination and the Noble Lord may rest assured that every care will be taken to prevent any infringement on any religious sites whatsoever.

Earl Stanhope: I hope the Government will be able to give us more information before the Scheme goes much further. I understand that the land has not been surveyed by any representative of the Government of Palestine.

The Duke of Sutherland: I said it was not surveyed by anybody who is a disinterested expert, but the Scheme has been laid before the Government and has been gone into by Government experts.

Earl Stanhope: I understand that it has not been gone into on the ground.

The Duke of Sutherland: Yes; it has been gone into by maps and on the ground.

PARLIAMENTARY DEBATES

HOUSE OF COMMONS

Tuesday,
July 4, 1922

MOTION ON RUTENBERG PLAN LONDON PRESS REPORT

Sir W. Joynson Hicks moved a reduction of £100 in respect of Mr. Churchill's salary as the equivalent of a motion.

"That, in the opinion of this House, the Mandate for Palestine, the acceptance of which must involve this country in financial and other responsibilities, should be submitted for the approval of Parliament; and further, that the contracts entered into by the High Commissioner for Palestine with Mr. Pinhas Rutenberg should at once be referred to a Select Committee for consideration and report."

The Secretary of State for the colonies, Mr. Winston Churchill, speaking in reply, said with reference to the Rutenberg project:

"I now come to the issue connected with the departmental administration which has taken place in pursuance of this policy. I approach the subject of the Rutenberg concession along the only path open to me, namely, that in the administration of that policy, the Colonial Office is to use its best endeavours to secure the establishment of the Jewish national home. Let us see whether these measures have been right or wrong, proper or improper. At the same time that this pledge was made to Zionists, an equally important promise was made to the Arab inhabitants in Palestine that their civil and religious rights would be effectively safeguarded, and that they should not be turned out to make room for newcomers. If that pledge was to be acted upon, it was perfectly clear that the newcomers must bring their own means of livelihood, and that they, by their industry, by their brains and by their money, must create new sources of wealth on which they could live without detriment to or subtraction from the well-being of the Arab population. It was inevitable that, by creating these new sources of wealth and bringing this new money into the country, they would not only benefit themselves, but benefit and enrich the entire country amongst all classes and races of its population.

"What sources of new wealth were opened? In the first place there was a greatly extended and revived agriculture. As I explained to the House when I addressed hon. Members a year and a half ago, anyone who has visited Palestine recently must have seen how parts of the desert had been converted into gardens and how material improvement has been effected in every respect by the Arab population dwelling around. On the sides of the hills there are enormous systems of terraces, and they are now the abode of an active cultivating population, whereas before, under centuries of Turkish and Arab rule, they had relapsed into a wilderness. There is no doubt whatever that in that country there is room for still further energy and development if capital and other forces are allowed to play

their part. There is no doubt there is room for a far larger number of people, and this far larger number of people will be able to lead far more decent and prosperous lives. Apart from this agricultural work—this reclamation work—there are services which science, assisted by outside capital, can render, and of all the enterprises of importance which would have the effect of greatly enriching the land none is greater than the scientific storage and regulation of the waters of the Jordan for the provision of cheap power and light needed for the industry of Palestine, as well as water for the irrigation of new lands now desolate. This would have been carrying out your policy, and not only the policy of the Government, and it was the only means by which it could be done without injuring vitally the existence of the Arab inhabitants of the country. It would create a new world entirely, a new means of existence, and it was only by the irrigation which created and fertilised the land, and by electric power which would supply the means of employing the Arab population, could you take any steps towards the honest fulfilment of the pledges to which this country, and this House, to an unparalleled extent of individual commitment, is irrevocably committed.

“What better steps could we take, in order to fulfil our pledge to help them to establish their national home without breaking our pledge to the Arabs that they would not be disturbed, than to interest Zionists in the creation of this new Palestine world which, without injustice to a single individual, without taking away one scrap of what was there before, would endow the whole country with the assurance of a greater prosperity and the means of a higher economic and social life? Was not this a good gift which the Zionists could bring with them, the consequences of which spreading as years went by in general easement and amelioration—was not this a good gift which would impress more than anything else on the Arab population that the Zionists were their friends and helpers and not their expellers and expropriators, and that the earth was a generous mother, and that Palestine had before it a bright future, and that there was enough for all? Were we wrong in carrying out the policy of the nation and of Parliament in fixing upon this development of the waterways and the water power of Palestine as the main and principal means by which we could fulfil our undertaking? I am told the Arabs would have done it themselves. Who is going to believe that? Left to themselves, the Arabs of Palestine not in a thousand years would have taken effective steps towards the irrigation and electrification of Palestine. They would have been quite content to dwell—a handful of philosophic people—in the wasted sun-scorched plains, letting the waters of the Jordan continue to flow unbridled and unharnessed into the Dead Sea.

“Where there are tremendous public works awaiting construction, which will enormously enrich the countries concerned, and enable them to buy our manufactures much more largely, we always fall between two stools. We have not the money ourselves. The Government will not advance the money. What would be said if I were to ask for a loan of £3,000,000 or £4,000,000 for developing Palestine irrigation at this moment? It would be completely turned down. But we are so mortally afraid of any private person coming along, or of any concession being given, lest they make something out of it. In a great number—the great majority—of cases, valuable works are not undertaken, and many people who undertake public works on Government concessions lose their money; while in the few cases in which they make a small profit the Minister responsible is always abused as a pickpocket who has given away valuable public concessions to private speculators. The result is that the development of your possessions is far below what

it might be, and that you suffer in your employment continuously by the fact that these great estates are not brought up to a high level of economic development.

"I come to the Rutenberg concession. This concession provides for strict Government control of the prices to be charged to consumers for electricity. It provides for the severe limitation of profits. At the time the concession was made, 6 to 6½ per cent. could be received on the best gilt-edged securities in this country. The concession provides that after the company has earned 10 per cent., the profits are to be equally divided between them and the Palestinian Government until 15 per cent. has been received, and after that the whole profit reverts to the Palestinian Government. The maximum profit available to the company for all their risk and effort is 12½ per cent., a profit which cannot possibly mature for six or seven years. If people stand out of their money for six or seven years they require to have some interest. You will get nothing done unless you offer these concessions on terms which compete with the great money markets of the world. After 37 years the Palestinian Government has the full right of re-purchase on certain well-established lines, and this right recurs thereafter every 10 years. Lastly, the whole of these matters were laid before Parliament and the public six months ago by the Colonial Office, and until the recent agitation in the Press the propriety of the concession was not impugned by anyone. It has been stated to-night that streams of applications were coming in from Arabs and British. No stream of applications was coming in. At the time the Rutenberg concession was granted no other application was before us.

"A British firm in Egypt applied for exclusive rights to provide electric power to Jerusalem in 1919, when rates were nearly double the rates which are to be charged in the Rutenberg concession, and two inhabitants of Bethlehem, one an Arab and one a non-Arab, asked if their names could be registered for future consideration of concessions for agricultural undertakings, telephones, electricity or tramways. They furnished no plans, no estimates, no scheme at all, but they indicated that if there were any concessions going they would very much like to have them. At the same time, Mr. Rutenberg put in, in the utmost detail, and with considerable backing, his important scheme. The same answer was returned at that time to all applications, because we thought we had not the power in the circumstances to grant concessions. It was not until July, 1921, that, seeing the long delay in getting any move on in this country, and the urgent need of making things self-supporting, I directed the High Commissioner to say that we would entertain applications for concessions in regard to certain public services. That declaration was publicly made by the High Commissioner. A considerable interval elapsed. No other application was received except the scheme of Mr. Rutenberg. What were the credentials of Mr. Rutenberg? He is a man of exceptional ability and personal force. He is a Zionist. His application was supported by the influence of Zionist organizations. He presented letters from Mr. Edmond Rothschild, the founder of the Zionist colonies, whose whole life has been spent in building up these wonderful colonies in Palestine. These letters offered to place at his disposal from £100,000 to £200,000 on absolutely non-commercial terms for long periods for the development of these irrigation and electrical schemes. He produced plans, diagrams, estimates, all worked out in the utmost detail. He asserted, and his assertion has been justified, that he had behind him all the principal Zionist societies in Europe and America, who would support his plans on a non-commercial basis.

"Nearly all the money got up to the present time has come from associations

of a Jewish character, which are almost entirely on a non-profit-making basis. I have no doubt whatever—and, after all, do not let us be too ready to doubt people's ideals—that profit-making, in the ordinary sense, has played no part at all in the driving force on which we must rely to carry through this irrigation scheme in Palestine. I do not believe it has been so with Mr. Rutenberg, nor do I believe that this concession would secure the necessary funds if it was not supported by sentimental and quasi-religious emotions."

The motion was defeated by an overwhelming majority.

